

Private banks and the consolidation of wealth management

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Wealth management is the business on which the international reputation of Swiss banking rests. Part E described its transformation after the end of banking secrecy for foreign clients, from a model based on discretion and undeclared assets towards one based on advice, investment performance and tax compliance.¹ The transformation came at a price. The number of private banks in Switzerland has fallen sharply since 2010 through mergers, sales and liquidations. Studies by the University of St. Gallen and KPMG, which have followed the sector for many years, record a decline of roughly half in the number of institutions over that period.² Small institutions with assets under management of a few billion francs found it particularly difficult to bear the fixed costs of regulation, technology and cross-border compliance.

The consolidation has not been uniform. A group of private banks with a clear positioning and solid capital has grown, among them Bank J. Safra Sarasin in Basel, which Part E, Chapter I described. Several independent banking groups listed on the stock exchange have also taken over smaller competitors and absorbed parts of the client books that Credit Suisse lost before and after its collapse. The handful of private bankers who still operate with unlimited personal liability of their partners, organised in the Association of Swiss Private Banks, have retained a symbolic importance that exceeds their share of the market.³ The traditional Basel private banks belong to the group of small institutions whose independence depends on the loyalty of family clients and the personal commitment of their owners.

Wealth management also changed after Credit Suisse disappeared. Some clients who held accounts with both large banks diversified their custody to other institutions, because a single bank now held a larger share of their wealth than their own risk policy allowed. Advisers left the combined bank in substantial numbers during the integration and joined competitors or

set up as independent asset managers. Their clients often followed them.⁴ The effect was a modest deconcentration within Swiss wealth management, even as the banking market as a whole became more concentrated.

1 Notes

1. On the white money strategy and the transformation of Swiss private banking after 2009, see Part E, Chapter IV. To be verified. ↩
2. On the consolidation of Swiss private banks since 2010 (number of institutions roughly halved), see the annual studies of KPMG Switzerland and the University of St. Gallen on Swiss private banks (Clarity on Performance of Swiss Private Banks and successor titles). Figures to be verified. ↩
3. On the Association of Swiss Private Banks (members operating as partnerships with unlimited liability of at least one partner) and the Association of Swiss Asset and Wealth Management Banks, see the publications of both associations. Composition to be verified. ↩
4. On the movement of client advisers and client assets from UBS and Credit Suisse to other Swiss banks and to independent asset managers during and after the integration (2023–2025), see the reports of the financial press and the annual reports of the receiving institutions. Status to be verified. ↩

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